

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 NSCE-00 /026 R

DRAFTED BY NEA/INS:DKUX:EI

APPROVED BY NEA:SSOBER

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AEC - MR. HUGGINS

S/S-O: GTWONIE

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FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW IMMEDIATE

INFO AMEMBASSY NEW DELHI IMMEDIATE

SECRET STATE 236358

EXDIS TOSEC 198

E.O. 11652: GDS

TAGS: TECH, PFOR, IN

SUBJECT: NUCLEAR EXPORTS TO INDIA

REF: SECTO 73

FOR ATHERTON FROM SOBER

1. I UNDERSTAND YOUR CONFUSION AND WILL TRY TO CLARIFY.

2. SITUATION REGARDING UNION CARBIDE CORRECTLY REPORTED
STATE 234054 AS FOLLOWS: UNION CARBIDE DISCUSSED PROPOSAL
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WITH AEC IN SEPTEMBER, BUT HAS NOT YET SUBMITTED FORMAL
APPLICATION WHICH IS REQUIRED IN THIS TYPE CASE. REPORT
IN STATE 222893 TO EFFECT UNION CARBIDE HAD SUBMITTED
"APPLICATIONS" TO EXPORT WAS IN ERROR; FIRM HAD MADE INQUIRY
IN SEPTEMBER BUT DID NOT FILE FORMAL APPLICATION.

3. AEC DOES NOT KNOW WHETHER UNION CARBIDE INTENDS TO PUR-
SUE MATTER. I HAVE TALKED TO FRIEDMAN WHO CAUTIONS THAT
IF APPLICATION SUBMITTED, IT UNCERTAIN HOW COMMISSIONERS
WOULD DECIDE CASE. SIMILAR REQUEST WAS APPROVED IN 1970
AND DISTILLATION TRAY AVAILABLE ELSEWHERE AS WELL AS IN

INDIA. HOWEVER, FACT OF INDIAN TEST CREATES NEW SITUATION.
ACCORDING FRIEDMAN, WHILE AEC RULES REQUIRE DECISION BE PUT

TO COMMISSIONERS, THEY WOULD TAKE CAREFULLY INTO ACCOUNT
ANY STATEMENT OF FOREIGN POLICY ASPECTS THAT DEPARTMENT
MIGHT SUBMIT. BUT PRINCIPAL CRITERION WOULD BE WHETHER
SUPPLY OF TRAY WOULD CONTRIBUTE TO INDIA'S NUCLEAR EX-
PLOSIVE CAPABILITY. FRIEDMAN SAYS HE NOT IN POSITION
TO PREDICT COMMISSIONERS' DECISION SHOULD THEY HAVE TO MAKE
ONE. (IN ANY DISCUSSION OF UNION CARBIDE QUESTION WITH
SETHNA, EMBASSY SHOULD BE CAREFUL NOT TO CONVEY IMPRESSION
THAT AEC IS READY TO APPROVE SUCH AN APPLICATION IF ONE
SHOULD BE SUBMITTED, WHILE EMPHASIZING WE HAVE NOT TURNED
DOWN UNION CARBIDE.)

4. OVERALL US POLICY AND PROCEDURES ON EXPORT OF UNCLASSIFIED NUCLEAR EQUIPMENT MATERIAL AND TECHNOLOGY TO INDIA AS FOLLOWS (NO CLASSIFIED NUCLEAR EQUIPMENT MATERIAL OR TECHNOLOGY CAN BE EXPORTED TO INDIA):

A. EXPORT OF EQUIPMENT OR TECHNOLOGY RELATING TO URANIUM ENRICHMENT, CHEMICAL REPROCESSING AND HEAVY WATER PRODUCTION REQUIRES SPECIFIC DETERMINATION BY ATOMIC ENERGY COMMISSIONERS THAT EXPORT NOT INIMICAL TO US INTERESTS. ONE (BUT NOT ONLY) CRITERION IN COMMISSIONERS' DELIBERATION IN SUCH CASES IS WILLINGNESS OF RECIPIENT TO PLACE FACILITY UNDER IAEA SAFEGUARDS. (EXPORT OF DISTILLATION TRAY FOR HEAVY WATER PRODUCTION COMES UNDER THIS HEADING.)

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B. EXPORT OF NUCLEAR FACILITIES (I.E. REACTORS) AND SPECIAL NUCLEAR MATERIALS (ENRICHED URANIUM, PLUTONIUM, AND U-233) REQUIRE AN AGREEMENT FOR COOPERATION (SUCH AS ONE COVERING TARAPUR) AND LICENSE BY AEC.

C. AEC ALSO LICENSES EXPORT OF SOURCE MATERIAL (NATURAL URANIUM) AND BYPRODUCTS (RADIOISOTOPES) WHILE COMMERCE DEPARTMENT, WITH AEC CONCURRENCE, LICENSES EXPORT OF MULTIPURPOSE EQUIPMENT AND MATERIALS FOR NUCLEAR APPLICATIONS (FOR EXAMPLE, PUMPS AND OTHER SPECIALIZED COMPONENTS).

D. EXPORTS OF UNCLASSIFIED NUCLEAR TECHNOLOGY OTHER THAN SUBJECTS LISTED UNDER A ABOVE DO NOT REQUIRE AEC LICENSE OR APPROVAL.

E. ABOVE PROCEDURES APPLY TO ALL RPT ALL COUNTRIES, NOT JUS; TO INDIA.

5. REGARDING QUESTION OF IAEA SAFEGUARDS, AEC REQUIRES

ACCEPTANCE OF THESE ON EXPORTS OF ITEMS CONTAINED ON
"TRIGGER" LIST PREPARED BY NUCLEAR SUPPLIERS COMMITTEE

(SO-CALLED ZANGGER COMMITTEE). HOWEVER, U.S. ALSO REQUIRES
IAEA SAFEGUARDS ON EXPORT OF OTHER ITEMS WE CONSIDER
SIGNIFICANT EVEN THOUGH THEY NOT INCLUDED ON ZANGGER LIST.
FOR EXAMPLE, U.S. IN 1973 REFUSED LICENSE FOR EXPORT TO
INDIA OF REACTOR GRADE ZIRCONIUM (FOR FUEL CLADDING
AND REACTOR PRESSURE TUBES) DESTINED FOR MADRAS REACTORS
WHICH INDIA IS BUILDING WITHOUT IAEA SAFEGUARDS.
ZIRCONIUM NOT ON SANGER LIST.

6. OVERALL POLICY GUIDELINES ON NUCLEAR EXPORTS TO INDIA
AND OTHER COUNTRIES ARE BASICALLY SIMILAR, NAMELY THAT
AEC WILL APPROVE EXPORT OF SIGNIFICANT ITEMS ONLY FOR
SAFEGUARDED FACILITIES. IN REVIEWING APPLICATIONS AEC
TAKES INTO CONSIDERATION, INTER ALIA, FOREIGN AVAILABILI-
TIES OF COMPARABLE ITEMS AND SIGNIFICANCE OF SPECIFIC
ITEM TO PROJECT.

7. COMMENT: BELIEVE IT MIGHT BE HELPFUL FOR SCHNEIDER
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AND LAING TO SEE SETHNA TO TRY TO CLARIFY UNION CARBIDE
SITUATION, WITH CAVEAT NOTED ABOVE THAT WE CANNOT GUARANTEE
WHAT DECISION MIGHT BE IF APPLICATION SUBMITTED. THEY
MIGHT REEMPHASIZE THAT USG POLICY HAS BEEN RESTRAINED ON
NUCLEAR ISSUE AND THAT WE ARE NOT OUT TO "PUNISH" INDIA.
CANNOT JUDGE FROM HERE HOW HELPFUL THIS WILL PROVE AND
INDEED IT SEEMS TO US AT LEAST POSSIBLE THAT SETHNA'S
PITCH WAS EFFORT TO PUT SECRETARY ON DEFENSIVE RE NUCLEAR
MATTERS. WEAK POINT IN CURRENT PLANNING POSITION IS THAT
WE CANNOT CURRENTLY PREDICT WHAT COMMISSIONERS DECISION
WOULD BE. OF COURSE, IT WOULD BE MOST UNFORTUNATE FOR
INDIANS TO GAIN IMPRESSION THAT UNION CARBIDE APPLICATION
WOULD BE APPROVED IF SUBMITTED, ONLY TO HAVE IT TURNED
DOWN. IN THAT EVENT, INDIANS MIGHT BE PRONE TO CONCLUDE
WE HAD DELIBERATELY MISLED THEM AND SURELY WOULD CON-
CLUE WE WERE OUT TO PUNISH THEM. THEREFORE QUESTION
HAS TO BE HANDLED DELICATELY AT THIS STAGE. INGERSOLL

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 15 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 OCT 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE236358
Document Source: ADS
Document Unique ID: 00
Drafter: NEA/INS:DKUX:EI
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741090/dcsdmaab.tel
Line Count: 153
Locator: TEXT ON-LINE
Office: n/a
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: SECTO 73
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAR 2002 by elyme>; APPROVED <23 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 19990419
Subject: NUCLEAR EXPORTS TO INDIA
TAGS: TECH, PFOR, IN
To: MOSCOW INFO NEW DELHI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005